

Message Text

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15

ACTION AF-06

INFO OCT-01 ISO-00 AGR-05 AID-05 CIAE-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 L-02 NSC-05 SS-15 STR-01 CEA-01

/072 W

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R 211050Z MAR 75

FM AMCONSUL ZANZIBAR

TO AMEMBASSY NAIROBI

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY KUWAIT

SECSTATE WASHDC 1050

USDOC WASHDC

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E.O. 11652: N/A

TAGS: AFIN EINV IU XW

SUBJ: U.S./KUWAIT JOINT VENTURES IN EAST AFRICA

REF: NAIROBI 2314

1. CONSULATE HOPES THAT, IN FURTHER DISCUSSIONS WITH MURTADA OF AFARCO, EMBOFFS WILL RAISE WITH HIM AS FEASIBLE POSSIEILITY OF EXPLORING INVESTMENT FIELD IN ZANZIBAR. CONSULATE RAISES MATTER NOT TO SUGGEST ANY SPECIFIC VENTURE AT THIS POINT BUT TO UNDERLINE FACT THAT ZANZIBAR IS ESSENTIALLY DISTINCT ECONOMIC ENTITY WITH SUBSTANTIAL INDEPENDENTLY-HELD FOREIGN RESERVES AND ACTIVE IF NOT ALWAYS CAREFULLY THOUGHT OUT PROGRAM OF ECONOMIC INFRASTRUCTURE AND AGRICULTURAL DEVELOPMENT.

2. MOREOVER, AS NOTED IN ZANZIBAR'S A-8 (1/29/75) THERE ARE PRELIMINARY BUT UNMISTAKABLE SIGNS OF CHANGE IN ZANZIBAR GOVERNMENT'S PREVIOUS POLICY AFFECTING FOREIGN INVESTMENT HERE. GOZ NOW APPEARS PREPARED ON SELECTIVE CASE-BY-CASE BASIS TO AUTHORIZE FOREIGN INVEST-

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MENT PREMITTING 10-YEAR TAX MORATORIUM AND REPATRIATION OF EARNINGS

ON BASIS OF GOZ 51 PERCENT MAJORITY HOLDING IN ANY INVESTMENT.
CONSULATE IS POUCHING COPY OF A-8 FOR KUWAIT'S INFORMATION.

3. FOR DAR AND NAIROBI: ON RELATED MATTER, CONSULATE HAS
LEARNED THAT KEN LUSSIER OF FIRST NATIONAL CITY BANK OF NEW YORK
DURING RECENT VISIT HERE RAISED WITH GOZ POSSIBILITY (AS DESCRIBED
TO ME BY KNOWLEDGEABLE GOZ OFFICIAL) OF QTE INTRODUCING PETRO-
DOLLARS FOR SUPPORT OF UNSPECIFIED INVESTMENT OR INVESTMENTS IN
ZANZIBAR END QTE. FROM INFORMATION AVAILABLE TO ME, THIS IDEA HAS
MET WITH INTEREST BUT MIXED REACTION IN VARIOUS CIRCLES OF GOZ.
CONSULATE BELIEVES THAT LUSSIER, ON NEXT VISIT TO ZANZIBAR, WOULD
FIND IT USEFUL TO STOP AT CONSULATE FOR MUTUALLY ADVANTAGEOUS
EXCHANGE OF VIEWS AND INFORMATION THIS TOPIC. REQUEST YOU PASS
THIS MESSAGE TO HIM.
MACFARLANE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTORS, INVESTMENT PROGRAMS, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ZANZIB00073
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750101-0893
From: ZANZIBAR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750325/aaaaawsl.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 NAIROBI 2314
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 AUG 2003 by izenbei0>; APPROVED <01 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S./KUWAIT JOINT VENTURES IN EAST AFRICA
TAGS: AFIN, EINV, XW
To: NAIROBI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006